JUNE 29, 1964

THE UNIVERSITY OF MICHIGAN
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TODAY'S COFFEE SITUATION

THE GATT PROBLEM

INDIA'S HISTORIC COTTON INDUSTRY

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Including FOREIGN CROPS AND MARKETS

JUNE 29, 1964

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Scoresheets at hand, these coffee experts are busy grading samples of beans from various growers. Quality strongly affects coffee prices (story on p. 3).

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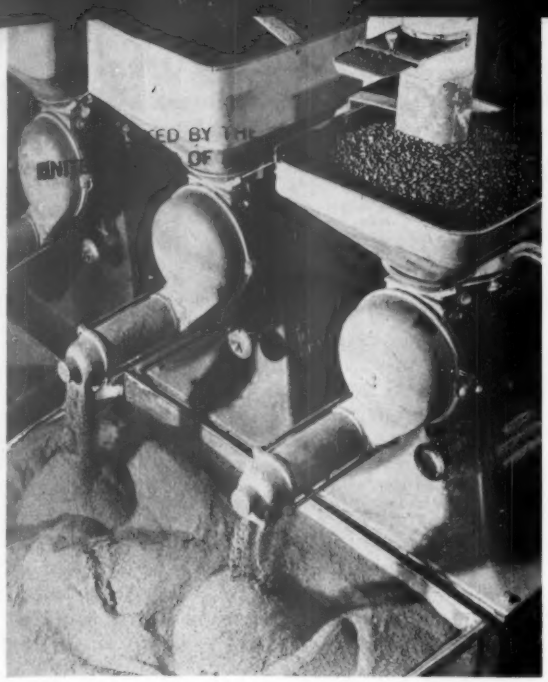

Roasted coffee being ground.

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Today's Coffee Situation —how world supplies and prices are changing

By W. C. BOWSER
Sugar and Tropical Products Division
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Last Thursday, USDA's Foreign Agricultural Service, releasing its first estimate of the 1964-65 world coffee crop, revealed that during this coming season world stocks will reverse the pronounced upward trend they began during 1957-58. Much of this world surplus is now old and of poor quality.

The crop estimate of 52.6 million bags, down 22 percent from that for 1963-64, reflects the sharply reduced Brazilian harvest; and a comparable reduction is foreseen in the world's exportable crop, from 53.9 million bags in 1963-64 to 38.6 million in 1964-65. World stocks by the end of September 1965 are expected to total about 62 million bags—down 11 million from the forecast for September 1964.

This is nearly a year's usual world consumption, however, and still a lot of coffee. On the surface, it would appear that supplies are still very plentiful in spite of the low crop in Brazil. Why, then, the heavy buildup in coffee inventories by the major consuming countries and the sharp rise in coffee prices in recent months?

Prices change faster than production

To better answer these questions requires a look at some characteristics of coffee production.

The coffee tree does not come into bearing until 3 to 5 years after planting; then, under normal conditions, yields gradually increase for another decade or more. Thus, it normally takes several years for coffee production to adjust to a given price situation; and by then, conditions may have reversed themselves.

When supplies are short and coffee prices rise, producers increase their plantings; but because it takes time for young trees to come into production, prices may remain high for several seasons. This encourages new producers (as well as new producing countries) to get into the coffee picture. Thus, years of overproduction follow, and prices decline.

With low prices, farmers neglect their trees, many plantings are abandoned, and world coffee production falls off. Eventually, demand begins to catch up with tapering supplies and a new coffee cycle gets underway. This up-and-down cycle is not in the long-term interest of producers or consumers.

To stabilize coffee prices and promote more orderly marketings, the International Coffee Study Group, formed in June 1958, began in 1961-62 to study the possibility of negotiations for a long-term coffee agreement embracing both producers and importers. Under the auspices of the United Nations, the International Coffee Agreement was negotiated during July and August of 1962 and came into effect in 1963. (See *Foreign Agriculture*, October 1962 and June 10, 1963.)

Brazil dominates production and prices

Brazil is still by far the world's leading producer and exporter of coffee, even though its share of world output has declined from 65 percent during the late 1920's to an average of 46 percent for the 5 years ending 1963-64. And world coffee prices tend to respond dramatically to unexpected developments in Brazil's coffee situation.

It was frosts in Brazil in 1953 and again in 1955 that lowered world supplies and thus resulted in record post-war coffee prices in 1954 and high prices again in 1956. It was burdensome world supplies, largely held by Brazil and reflected in low prices, that gave impetus to developing the long-term International Coffee Agreement in 1962. And it was frosts again in Brazil in 1962 and 1963, coupled with a prolonged drought extending into early 1964, that led to the higher prices we are paying for coffee today.

In August 1963, wholesale prices for Brazil's Santos 4's on the New York market were averaging 32.7 cents per pound—the lowest level since 1949, less than half the level of 1954 prices and well below the price of 48.5 cents for June 1958, when the International Coffee Study Group was formed.

Within this general setting, and a little later, reports of heavy frosts and extended droughts in Brazil—severely reducing 1964-65 crop prospects—began to reach the coffee trade. Around October 1, prices for Santos coffee began an upward movement.

Above, coffee from beans of different plantations is cup-tested. Top, beans start journey from warehouse floor to bins where they are weighed out for blending and roasting.

The real spurt in green coffee prices, however, did not begin until January 1964. At this time, prices for Colombian coffees and other milds joined the upward swing, and African Robusta coffees, which had been climbing steadily in price during 1963, began to surge to new highs for recent years. By March 1964, New York spot prices for both Santos 4's and Colombians averaged 50 cents per pound; and those for Ambriz AA's, nearly 42 cents.

Higher coffee prices began to reach the consumer around the first of the year. Retail prices for roasted coffees in 1-pound cans, as reported by the Bureau of Labor Statistics, rose from an average of 69.7 cents in October 1963 to 71.7 cents in January 1964 and to 78.9 cents in March. By April, the average retail price had risen to 81.1 cents. In May and June, these prices had further risen to around the mid-80's.

With world stocks more than adequate to cover a short 1964-65 exportable crop, it is understandable that the sharp rise in prices over the preceding 6 months caused considerable concern in consuming countries. In the United States, which ratified the International Coffee Agreement on December 27, 1963, but has yet to pass the enabling legislation necessary to meet its commitments as an importing member, this situation is of particular importance.

In February 1964, the Council of the International Coffee Agreement, meeting in special session to review the tightening market situation, increased the overall producers' export quotas for 1963-64, including waivers, by 5 percent. Subsequent adjustments and redistributions of export quotas were made by the Council in April.

These actions by the Council, along with swelling importer inventories and reports of beneficial rains in Brazil, appear to have eased the market situation. As of mid-June, spot prices for green beans were down 3 to 4 cents from the March highs.

Quality versus quantity

The buildup in world coffee stocks has occurred largely since 1957-58, when production from trees planted earlier in the 1950's pushed the world crop some 10 million bags over that of the previous year. Supplies have accumulated in each succeeding year, and world stocks for the end of September 1964 have been projected at about 73 million bags.

The seeming paradox of rising prices in the face of apparent plentiful stocks becomes less of a mystery, however, on examining two important aspects of the current coffee supply situation. These are—

- The difference between total stocks in storage and stocks of "exportable" quality, and
- The strong preference of importers for greenish, new-crop coffee.

While we still have a very large surplus of coffee according to the statistics, the bulk of these stocks are held in Brazil and have been accumulated over some years. Colombia also holds substantial stocks, and stocks of African coffees are considered sizable.

The bulk of Colombia's stocks seem to be in good condition; but large parts of the older stocks held in Brazil are considered suitable only for domestic consumption. Of Brazil's 1962-63 carryover, only about 20-24 million bags can be classed as "export quality."

Furthermore, most of the export-quality 1962-63 carryover coffee is not the "greenish" coffee in very strong demand now among U.S. importers and others. It is competitive bidding for this kind of coffee, coupled with uncertainty as to the size of Brazil's crop in 1964-65 and thereafter, that has contributed to the rapid buildup in coffee inventories in the United States and to the subsequent rise in coffee prices.

Supply prospects

Of Brazil's 1963-64 crop, about 21-23 million bags are believed to be of export quality. The 1964-65 crop, although short, is also expected to be of good and uniform quality. This is the consensus of the trade, Brazil's Coffee Institute, and other informed coffee people.

Assuming average weather and good growing conditions, world supplies in the next few years should be adequate to meet consumer needs. Whether they again become burdensome will depend in part on control measures exercised under the International Coffee Agreement. In addition, individual countries' efforts—such as Brazil's agricultural diversification plan for its marginal coffee zones—will be increasingly important in the years ahead.

The GATT Problem: Fairness for Farmer and Consumer

Ambassador Blumenthal at American Day dinner

AMBASSADOR W. MICHAEL BLUMENTHAL, *Deputy Special Representative for Trade Negotiations and Governor Herter's spokesman at Geneva in the meetings preparatory to the Kennedy Round of GATT negotiations, was the keynote speaker for American Day at the Luxembourg International Fair. Excerpts from his remarks follow:*

The problems presented by world trade in agricultural products are complex, but the benefits resulting from its expansion can be great. By making reasonably priced and wholesome foodstuffs more readily available to consumers in all our countries, we can assure them a higher standard of living. There have been dramatic developments in agriculture in the past decade, and we shall certainly see further progress in the coming years. The technological revolution in agriculture which has taken place in the United States in recent years and is now taking place in Europe offers all of us the prospect of a better and more prosperous life.

The experts tell us that there are great possibilities for Europe in the rationalization of agricultural production. There are many pertinent examples—chicken is one, and I have seen many others at the Fair here this morning. It is clear that improved technology has enabled the consumer to buy good food more economically, and thus to have more money left to buy other things.

As you know, the European Economic Community is presently engaged at Brussels in internal discussions concerning the framing and implementation of its common agricultural policy. It is therefore of interest to consider what line of policy might achieve the best balance of interests, insuring a fair deal both for the farmer and for the consumer. On the one hand, policy must avoid too abrupt a change and give the individual farmer reasonable security. On the other hand, it must allow scope for rationalization, to reap the resulting benefits in the form of lower prices.

No winner, no loser

In the Kennedy Round, we have an opportunity to tackle this problem on a large scale and at the international level.

The purpose of the Kennedy Round is to achieve an all-round reduction in tariffs and other barriers to trade. This will benefit consumers, in terms of the wider variety of goods at reasonable prices which will be available to them, and producers, in terms of the opportunities which an overall expansion of trade will offer them. Therefore, in these negotiations, one side need not lose because another gains; all stand to benefit. As President Kennedy liked to say, a rising tide lifts all the boats.

I have stressed our mutual interests in the success of the Kennedy Round because I have seen in print some absurd distortions of American aims with regard to the agricultural negotiations. Reading such stories, one might assume that America's purpose was to dump a mass of subsidized farm products on the markets of the world, flooding Europe with them to such an extent that the rural economies of many countries would be destroyed. Nothing, I assure you, could be further from the truth.

Agriculture cannot be excluded

What we have emphasized at Geneva from the outset is that farm products *must* be included in the negotiations, for it is impossible to negotiate any longer on industrial products alone. So many countries depend heavily upon agricultural exports that, without taking them into account, no meaningful international trade negotiations could be carried on. For example, 27 percent of America's exports consists of farm products.

In addition, negotiations on agriculture are of vital significance to the importing countries. The exports of the industrial countries can remain competitive in world markets only if they have access to food and other agricultural products at reasonable prices. Thus, there is a close link between trade in industrial products and trade in agricultural products. In major negotiations such as the Kennedy Round, in which we seek to make very substantial progress toward the liberalization of world trade, we must deal with both of its aspects.

We do not want to flood the world with our American farm products—indeed, we could not. Nor do we want quantitative guarantees for all our agricultural products, as some European newspapers occasionally say.

Actually, we have made our own position crystal clear from the beginning. We believe that, in the international framework of the Kennedy Round—with all the countries concerned conferring together—an effort should be made to achieve a solution safeguarding all the different but essential interests involved in agriculture. Above all, we must maintain and expand the trade in these products, rather than let the Kennedy Round result in an actual restriction of such trade.

Pragmatic approach best

We favor a pragmatic approach to the negotiations, in which each group of products within the wide spectrum of agriculture would be considered on a case-by-case basis. We might find, for example, that a particular product is protected in one way in one country, and in a different way in another country. After carefully examining the situation, we would have to find an appropriate way to liberalize trade in this product slowly and cautiously, adapting our method to the existing forms of protection. That

(Continued on page 16)

Cotton-growing India, with one of the world's largest textile industries, must import cotton, and a good share of what it buys comes from the United States under P.L. 480. Here, Robert B. Evans, *U.S. Agricultural Officer in India, reviews that country's present cotton situation and looks ahead to what its future import needs might be.*

What India's Historic COTTON INDUSTRY Is Like Today

India, where the 5,000-year-old history of cotton began, has probably the oldest cotton textile industry in the world. Both Alexander and Mark Anthony knew of it, and presumably Columbus did too. But it took the discovery of a sea route around Africa before India's cotton goods figured in Europe's trade. By the 17th century they had become so common in England that Parliament heavily fined their use to protect the local wool industry.

Today, India, with over 14 million spindles, has the world's second largest cotton textile industry, ranking after that of the United States which has 19.5 million spindles. It is also India's biggest industry.

Although some of India's mills are as modern as any in the world, much of the Indian equipment is out of date. For example, only one-tenth of the looms are automatic. This stems in part from the heavy demands made on the country's foreign earnings and in part from the Indian Government's policy to favor hand spinning and weaving.

Village industries encouraged

Most of India's huge population lives in some 560,000 villages, each with its own largely independent economy. However, the welfare of the villages is closely identified with the welfare of India, and consequently the mills are restricted as to how much equipment they can have and how much they can produce. Also, their product, if intended for domestic consumption, is heavily taxed. On the other hand, the government has spent large amounts to promote hand spinning and weaving.

Despite this protective policy, the amount of cotton used in homes and by nonmill industries is very limited—about 340,000 bales annually. (All bales in this article are 392 pounds net.) Some time ago a hand-driven, four-spindle spinning device was developed in the hope that it would increase the productivity of hand spinners. This has not been successful, and now the government is licensing small machine-spinning cooperatives in order to supply yarn for the hand looms.

Cotton weaving outside the mills is quite a different matter: it is something of a success story. In this decentralized part of the industry, production of cotton fabrics rose from 1.8 billion yards in 1955 to 3.1 billion in 1963, and it now accounts for 40 percent of India's total output. Much of this yardage is woven on hand looms, but more and more is being turned out by the so-called "power looms"—old looms which have been replaced by high-speed equipment in the mills and now operate in small units. Cloth from these small units is wholly or partly exempt from the excise taxes placed on mill-made cloth.

While the production of hand-loomed fabrics has been mounting, the mills have been turning out less cotton cloth, although more cotton yarn. Last fall the Government of India became concerned lest the production of both would fall short of the targets for 1965-66, when the Third Five-Year Plan ends. Accordingly, the mills were allowed some increase in spindleage. This, along with strong domestic demand for textiles and some relief in the tight supply of raw cotton, is causing cotton consumption in India to jump from the previous record of 6 million bales in 1962-63 to an estimated 6.4 million this year.

Raw cotton supply uncertain

Deterring greater consumption of cotton in India is the lack of raw cotton. The country is making every effort to grow more, but production is always highly uncertain because only 14 percent of the crop is irrigated, and the rest depends upon the vagaries of the monsoon.

India produced only 1.7 million bales in 1948-49, the year following Partition, but by 1955-56 output was up to 5 million bales, last year to 6 million, and in 1963-64 a slightly higher record was set—6.04 million bales.

With two good seasons in a row, however, there is always the fear that the next season will be a bad one, with a drop of 1 million bales, as happened in 1959-60. For this reason, the Indian Government would like to build up a buffer stock if it ever could get far enough ahead on cotton to do so. (The demand for cotton in India is so strong that cotton prices are higher than in the United States and considerably higher than in most other countries.)

Yields very low

Cotton is grown all over India, but the country has one of the most abysmally low yields per acre in the world. Last season the all-India yield reached a record-breaking 120 pounds per acre compared to 525 pounds in the United States, while the average yield under irrigation is around 200 to 250 pounds per acre compared to the United States' 1,000 pounds.

These low yields are the compounded result of adverse moisture conditions, primitive farming methods, low-yielding seed, and lack of fertilizer and insecticides. Undoubtedly, cotton yields could be greatly increased in India, but not easily and not in a short time.

Still, the Indian Central Cotton Committee has had

considerable success in improving the quality of the country's cotton. Originally, practically all of it was Asiatic short-staple; then around 1790 American-type cotton was introduced. Today, the area planted to improved varieties, either American or crosses between Asiatic and American, amounts to 80 percent of total cotton acreage compared to 61 percent 10 years ago.

This has markedly improved the staple length of the cotton grown. Production of cotton of ⅞" staple and longer has increased from 890,000 bales in 1951 to 2.5 million in 1963. Only about 100,000 to 200,000 bales are as long as 1⅛", whereas in the United States this length accounts for 46 percent of the crop. And most of India's production continues to be shorter than ⅞" as against 0.1 percent of the U.S. cotton crop. (India's export of 300,000 to 400,000 bales of cotton, mostly to Japan, is in this category.)

Long staple cotton in demand

Even with record production and continued improvement of quality, India is having trouble meeting its requirements, particularly for long staple cotton, from which India's fine-yarn fabrics are made. The climate is hot, and light fabrics are preferred for the dhoties and saris which are the traditional dress. Also, with cotton scarce, a greater yardage of fine fabrics can be spun and woven by the mills from a pound of cotton than can be made into coarse fabrics. Thus, while yarn production in India increased only 13 percent between 1959 and 1963, the output of yarns with fiber counts over 40 rose more than 50 percent.

Furthermore, most of the 800,000 to 900,000 bales of cotton that India imports annually is longer staple cotton. Of this, 400,000 bales were from the United States last year (almost entirely under Public Law 480), and consisted largely of the fine, long staple Acala cotton grown under irrigation in the southwestern States. India also purchases substantial quantities of longer-staple American-type cotton from East Africa as well as the extra-long staple Egyptian types from Egypt and the Sudan. In fact, India is the largest importer of extra-long staple Egyptian cotton in the non-Communist world.

Buys more than it sells

India's cotton imports, excepting those bought from the United States under P.L. 480, are generally purchased with free foreign exchange; however, India has substantial counterbalancing exports to some of the countries from which it buys cotton. And although India's foreign exchange position remains difficult, these cash purchases of textile fibers are considerable.

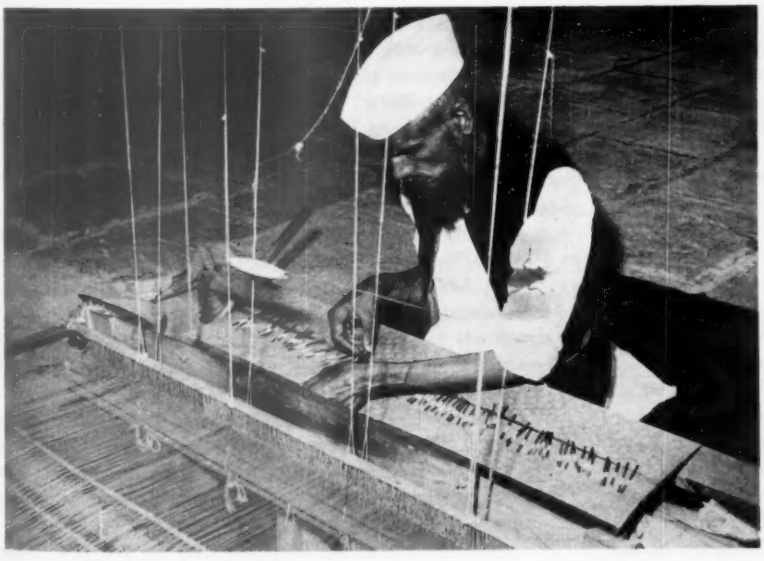
During the first 10 months of the current Indian fiscal year (April 1963-January 1964), India imported apparel fibers having a value of $127 million, of which $30 million represented P.L. 480 cotton imports from the United States. Cotton imports from other countries totaled $46 million, wool imports $29 million, imports of manmade fibers $20 million, and silk imports $1.6 million.

Very little of the Indian cotton industry's output goes for export—only about 1.5 percent of its cotton yarn and 7 percent of its fabrics. Most of these are sold to other countries around the Indian Ocean, but these countries have been building their own textile industries, and, with intense competition from Japan, Mainland China, and Hong Kong, the export outlook for India is not too promising. In recent years, exports to the United Kingdom have risen, and there is now some increase in shipments to the USSR. Most of the Indian textiles exported are the coarser ones, and their export is promoted by a levy on cotton imports into India.

More people, more textiles

Regardless of what happens to the export market, the internal demand for cotton textiles in India is bound to

India's cotton textile industry has many contrasts. Below, a pit hand loom of the throw-shuttle type, weaving with a very fine-count yarn; right, large modern factory with over 2,000 looms.



rise substantially in the years ahead. India's high population is increasing at the rate of 2.3 percent a year, maybe more. Today its population is around 474 million, and by 1970 it will probably total around 545 million. The drastic cutting-back of diseases, particularly malaria, has not been accompanied by a decline in the country's birth rate, although efforts are being made to control it.

India currently has a supply of around 16 yards of cloth per person, which takes 4.6 pounds of raw cotton to produce. Although this is far ahead of Mainland China's, it is one of the lowest per capita yardages in the world. Just to maintain this low consumption figure would require 130,000 more bales of cotton by 1970, or a total of 7.1 million, compared to 6.1 million in 1963. And if India makes further progress toward a higher level of living, much more cotton would be required. For example, if India were to attain Japan's 8.8-pound per capita level of 5 years ago, its consumption by 1970 would amount to 13.6 million bales.

The question then is—can India bridge this tremendous gap? And the answer is, not for many years to come. There is considerable opportunity to raise agricultural output by increasing yields per acre, but this takes capital, know-how, and time. So even though India, in its drive toward industrialization, prefers to spend its foreign exchange for capital goods, its leaders recognize how great their import requirements are for both food and fiber. At the same time, they know that only through industrial development and the selling of their industrial products abroad will they be in a position to purchase the agricultural products that they need.

New Nation, New Name: Nyasaland Becomes Malawi

Bearing the new name Malawi, Nyasaland on July 6 will become the first completely independent nation formed from the defunct Federation of Rhodesia and Nyasaland. At that time, it will become a member of the British Commonwealth and will probably apply for membership in the United Nations, the World Bank, and related organizations connected with fully sovereign nations.

A long, narrow, and mountainous country, Malawi is sandwiched between Northern Rhodesia, Tanganyika, and Mozambique. It is the smallest in area of the members of the former Federation, having about 36,686 square miles of land and 3,680 of water. Its population, at 3 million, is about a third that of the Federation.

Development of this country dates back to 1861, when the famous missionary David Livingston discovered its cool Shire Highlands. He and other missionaries made Malawi a land of refuge for Africans fleeing from slave trading expeditions. It was also a spearhead of British effort in this part of Africa, though it did not become a British Protectorate until 1891.

Agricultural production and earnings of absentee workers in the Rhodesias and in the Republic of South Africa are the major sources of income for Malawi, since it has little industry and mineral resources. In 1962, Malawi's foreign exchange earnings amounted to $28.5 million—virtually all from agricultural items—against $19.8 million in 1954.

Three products—tea, tobacco, and peanuts—brought in most of this. Tea has long been the major crop, generally accounting for around 45 percent or more of the value of Malawi's exports. In 1962, however, it was surpassed by tobacco, which earned $11.2 million against tea's $10.2 million. Shipments of peanuts (mainly confectionery grade) in 1962, at $4.1 million, were nearly triple the normal exports in both value and volume.

Other commercial crops include cotton—of which Malawi was the Federation's prime producer—rice, beans, and peas. Cotton, formerly marketed in the United Kingdom, is now largely sold to Southern Rhodesian mills. The other crops are likewise sold mainly in Southern Rhodesia, with one—rice—receiving preferential treatment there.

Other than about half a million dollars' worth of tea and moderate quantities of tung oil, Malawi has little agricultural export trade with the United States. Its imports from this country are likewise small; they include slight quantities of wheat, dried milk, and canned foods (although there are no separate statistics for this trade between 1953 and 1963).

Malawi's major food crop is corn. Marketing of this and most of the other commercial crops grown by African farmers is under the supervision of a Farmers Marketing Board, which also maintains price stabilization funds for cotton and tobacco. Except for sugar, wheat flour, and a few minor food items, Malawi is self-sufficient in food at present consumption levels.

Less than 2 percent of Malawi's farm land is European controlled. Most of the products, except tea and moderate quantities of tung oil and tobacco, are grown by African farmers on small farms, and efforts are being made to develop production of tea by Africans.

For the long term, it is possible that Malawi may begin growing sugarcane and cocoa. Several years ago a comprehensive survey concluded that there were good prospects for development of these products in the Elephant Marsh area of southern Malawi.

Also, there is significant hydroelectric power potential on the Shire River. Harnessing of this power, which is just now beginning in the region of the heavily populated Southern Highland, should encourage agricultural expansion by making possible the development of agricultural processing and manufacturing.

With the assistance of an economic team from the United Nations Economic Commission for Africa and other groups, Malawi is currently formulating a second long-term development plan. It appears, however, that any significant expansion in that country will require a large increase in outside aid.

Although the United Kingdom is still the major source of funds, the United States has in the past 2 years supplied aid and advisory services for the expansion of education and training facilities. It has also assisted in planning for the enlargement of Malawi's agricultural extension programs.

—ROBERT C. MONCURE
Foreign Regional Analysis Division, ERS

New Demonstrational Feedlot To Open in Italy; Seen Strengthening Exports of U.S. Feed Grains

A new commercial feedlot, to be the largest livestock enterprise of its kind in Western Europe, will be opened soon near Rome, Italy. Technical guidance is being provided by the U.S. Feed Grains Council, as part of its program of promoting export sales of U.S. feed grains.

Initially, the feedlot will accommodate 400 head of cattle; it will gradually be expanded to a 4,000-head capacity. Though widely accepted in the United States, feedlot fattening, or feeding cattle on high-concentrate rations, is a relatively new concept in Western Europe where cattle are fed mainly on roughage. With Europe currently short of red meat supplies, considerable interest in this Italian feedlot venture is expected.

The Italian feedlot will operate as a commercial enterprise but also will serve as a demonstration project for the U.S. Feed Grains Council program. If the venture proves successful, U.S. feed grain sales to Italy are expected to benefit as other feedlot enterprises begin throughout Italy, in cooperation with the Feed Grains Council office in Rome. The movement may also gain the support of Italy's "3-P" Clubs (similar to U.S. 4-H Clubs) which in the past have cooperated in Italy's livestock improvement projects.

Italy's critical beef and veal shortage has been evident for several years and shows little indication of slackening. The depleted calf supply has been aggravated by the rapidly increasing demand for meat and by the common practice of slaughtering calves well before their prime. (The consumer preference in Italy is for veal rather than beef.)

Also, this year Italy's traditional sources of feeder and slaughter cattle imports, particularly Argentina, are in no position to fill the breach. An Italian delegation came to the United States in June to explore prospects for importing U.S. cattle and for buying beef.

Spurred by the meat shortage, prices for Italian beef and veal have soared to become the highest in Western Europe. Recent reports put the average wholesale price for beef (comparable to the U.S. grade "Good") at 58 cents as compared with about 34 cents asked in the United States (Chicago).

To encourage use of the feedlot system, Italian livestock producers will be brought to the United States or to the United Kingdom to inspect firsthand the results of feedlot fattening. According to the Feed Grains Council, Italian meat producers who adopt the system could double their output in 6 to 12 months because of the speeded rate of weight gain.

The United Kingdom, where a similar project was stimulated by the Feed Grains Council 4 years ago, has served as a European showcase for intensive grain feeding of cattle. This program has been a major factor in maintaining U.S. feed grain sales to that country at an annual average of 4.2 million tons, despite a 40-percent increase in U.K. barley production between 1961 and 1963.

The Italian feedlot project is another step in the U.S. market development program for U.S. feed grains which, since 1959, has sponsored in Italy feeding trials and exhibits and has advised Italian feed manufacturers and livestock producers on better utilization of feed grains.

As a result, U.S. feed grain sales to Italy—fourth best U.S. market—have already in the first 11 months of fiscal 1964 surpassed last year's record-setting exports of 1 million metric tons.

Maid of Cotton Begins World Tour With Promotion in Vienna

The 1964 Maid of Cotton paused for photographers earlier this month at Vienna's International Garden Show, whose symbol, the Danube Tower, is seen in the background at right. Her work-packed Austrian schedule included participation in fashion shows, visits to important textile retailers and other top cotton industry people, press conferences, and TV appearances.

Vienna was one of the first stops in the Maid's current round-the-world tour on behalf of U.S. cotton, the most important single promotion carried on during the year by Cotton Council International, FAS, and overseas cotton industry cooperators.

Other stops scheduled for the Maid of Cotton's current promotion trip are Switzerland, Lebanon, Pakistan, India, Thailand, the Philippines, Japan, and Australia.

Miss Katy Sue Meredith of Alabama is the 26th Maid of Cotton to promote U.S. cotton overseas, the second (the first was in 1959) to make a round-the-world tour. Before leaving for Europe in late May, Miss Meredith had already completed a successful Canadian tour.

Report from Pretoria

U.S. Rice Sales to Big South African Market Heading for Record, Buoyed by U.S. Promotion

Under the stimulus of the U.S. rice market development program, South Africans are buying more U.S. rice than ever as this fiscal year's exports push closer to an alltime high.

At 36,000 metric tons, U.S. sales for the 8 months between August 1963 and March 1964 are above the 28,000 tons shipped to South Africa during the same period a year earlier when sales went on to set a new record.

Today, around 90 percent of rice consumed in South Africa is American—a preference which had its beginnings in 1959 when the government put rice purchasing back into the hands of commercial importers.

Around this time too, a new payment-in-kind program for U.S. rice made it competitive in world markets. As a result, Egyptian short-grain rice —which previously held the commanding position in Africa because of a price advantage—fast lost ground to U.S. long-grain rice with its easy-to-cook and quality features. From practically nothing in the 1950's, U.S. sales shot up to 45,000 tons in 1961.

Then in 1962, reduced requirements in South Africa cut into rice exports of all major suppliers, wih U.S. sales dipping to 39,000 tons.

To reverse this trend, the U.S. Rice Export Development Association, in cooperation with FAS, launched a market development program in August of that year. With emphasis on nutrition and versatility advantages of U.S. rice, the program helped boost U.S. rice sales to South Africa far beyond the previous high: 1963 sales of 51,000 tons surpassed those of 1962 by 30 percent.

Noting the good feedback to U.S. rice sales after only 2 years of market development, the Rice Association has expanded and intensified certain phases of the 1964 program.

This year, for example, the U.S. program aims to broaden the base of consumer sales to include the Africans who account for four-fifths of the population. Up till now, corn has been the mainstay of their diets. While the principal focus will continue to be the Europeans, the emphasis will be on members of the country's institutional trade, where the sales potential is seen particularly promising.

Limited consumer advertising is being used for the first time in a move to widen the scope of promotional techniques to push U.S. rice sales. This is expected to pay big dividends, now that more and more distributors have been encouraged to identify their packages as containing American rice.

Of the 30 major brands being sold, 22 are U.S. and nearly all of these are identified with the word "American" or the U.S. rice emblem which symbolizes quality and uniformity. Identification has been helped by improved marketing methods which have meant that South African distributors rather than retailers package the rice.

This year's rice promotion too is stepping up the use of publicity material, movies, film strips, and educational kits. As in the past, improved ways of preparing and serving rice are being demonstrated in homes and at business meetings and banquets.

The Rice Association is also participating heavily in trade fairs as a means of contacting all major rice users, including importers, wholesalers and retailers, representatives of restaurants, hotels, hospitals, schools, and welfare agencies. In 1963, the Rice Association participated in agricultural and industrial fairs in eigth towns and cities, which drew crowds ranging from 20,000 to over 600,000.

—WILLIAM J. EDENS, *U.S. Agricultural Attaché, South Africa*

Typical of the U.S. Rice Association's market development activities in South Africa was the Rand Easter Show held last year which drew 600,000 visitors.

Processed Fruits, Vegetables Standards Program Launched

Food standards experts from 13 countries took first steps earlier this month toward establishing international standards for minimum quality in processed fruits and vegetables.

The delegates made up an expert committee, formed by the Codex Alimentarius Food Code Commission, a joint commission of the United Nations Food and Agriculture Organization and World Health Organization.

The committee adopted a basic format for voluntary quality standards, which would be aimed at insuring the marketing of sound, wholesome products, correctly labeled and presented so that the consumer can know what he is buying. The standards could be used as basic trading definitions in buying and selling processed fruits and vegetables. Committee members said they would promote international trade by helping to establish fair trading practices.

Subcommittees, assigned at this initial meeting, will present to the full committee by next January 1 drafts of standards for a number of canned fruits and vegetables, as well as for jams and dried vine products. For instance, the United States is to work on fruit cocktail, assisted by Australia.

U.S. To Stockpile $12 Million of Jamaican Bauxite This Year Under Barter

Earlier this month the last of three new barter contracts was signed covering approximately $12 million worth of bauxite from Jamaica in exchange for surplus U.S. agricultural commodities.

Under the terms of contracts with three U.S. firms, the United States will accept for its supplemental stockpile approximately 800,000 long tons of bauxite in return for the commodities —half of which must be tobacco—to be shipped to approved destinations for bartered commodities around the world.

Barter objectives

The new bauxite contracts illustrate a type of barter arrangement under which the United States may obtain material—even though war emergency requirements have been filled, as they have been in the case of bauxite—to further international economic or foreign policy objectives. One of these objectives is to insure reliable sources of supply. Here, an additional factor is that industrial demand for bauxite is expected to accelerate.

The United States began taking Jamaican bauxite under barter in 1956 and prior to that was stockpiling Jamaica-type bauxite for dollars.

Jamaica was then, and is still, one of the world's largest exporters of bauxite. Twenty percent of the Island's revenue is derived from the sale of this mineral. Recessions that have occurred in Jamaica from time to time were largely the result of reductions in the export of bauxite.

Jamaica has many domestic problems, including a high rate of unemployment (18 percent in 1961), expanding population, an unfavorable balance in international trade, a domestic food shortage, and dependence on a limited number of domestic industries.

The Jamaican Government in 1955 initiated a 10-year program of economic development, but was unable to push ahead rapidly enough solely on its own resources. Because of this, the United States included Jamaica in its Latin American self-aid scheme and later as a part of the Alliance for Progress.

The first barter contract was followed by others. Between 1956 and 1959, the U.S. Government received an average of nearly 1 million tons of Jamaican bauxite annually—of which nearly one-half was acquired under barter.

Million-ton annual average

By 1960, U.S. stockpile requirements had largely been filled, but Jamaica continued to need U.S. aid and barter arrangements were continued on a year-to-year basis. While somewhat lower deliveries occurred in 1960, bauxite deliveries to the United States were increased to a 1.2 million-ton level the following year. Since 1960, all acquisitions have been under barter.

Jamaica also receives U.S. commodities under Title III of P.L. 480.

U.S.-Japanese Dairy Groups To Promote Milk at Olympics

More than 6,500 athletes, coaches, and officials who will take part in the 1964 Olympics in Tokyo, October 9-24, will be well supplied with milk and milk products as a result of a recent agreement between U.S. and Japanese dairy groups to sponsor a joint milk promotion during the event.

From the time of their arrival in Tokyo on September 15 until their departure 52 days later, international games participants will be offered without charge an assortment of flavored milk drinks and ice creams supplied by the Japan Milk and Ice Cream Associations. A special milk bar, serving as distribution point, will be provided and staffed by the American Dairy Association and Dairy Society International along with FAS.

Japanese milk consumption—one-tenth the U.S. level—is seen to benefit as publicity media report on "milk habit" endorsements by the world's top-ranking athletes.

Though the U.S. dairy industry does not have a market development program in Japan, it frequently cooperates with Japanese milk producers, as members of Dairy Society International, in projects to boost milk consumption.

Since 1948 Japan has been importing increasingly larger quantities of nonfat dry milk from the United States, most purchased by the Japanese Government for use in school lunch programs. This year's imports of U.S. milk are expected to reach 154 million pounds.

U.S. Beef Eligible for Export Under P.L. 480

U.S. beef is now included among agricultural commodities eligible for export financing under Public Law 480 (the Food for Peace Program), according to a recent announcement by Secretary of Agriculture Orville L. Freeman.

"Beef is in surplus supply in the United States and meets the basic requirements of P.L. 480 eligibility," Secretary Freeman said.

"Several of the developing countries have expressed interest in buying U.S. beef under Title I or Title IV of P.L. 480.

"Under Title I, such countries would pay for U.S. beef with their own currencies. Under Title IV, they would buy for dollars, under special long-term low-interest payment.

"In some of the pending P.L. 480 negotiations beef is actively being considered along with other U.S. farm commodities and we fully expect that beef will be included in some of the final agreements."

The announcement stressed the U.S. intention to export beef under P.L. 480 in a way that is not detrimental to established commercial trading relations either those of the United States, or of other friendly countries. A number of beef-exporting countries, some of whom currently are short of supplies, have a long history of supplying the world market with beef.

"It would not be right," the Secretary said, "for the United States to step in with its large supply of beef and upset established world markets."

To avoid any harmful effects of export sales under P.L. 480, sales agreements will require purchasing countries to regard such beef as additional to usual purchases from traditional free world suppliers. No export subsidies will be used in beef export operations.

Canada's Exports of Wheat and Flour Soar

Canada exported 418 million bushels of wheat and flour (grain equivalent) between July 1963 and April 1964. This is the largest volume reported in any entire fiscal year, except in 1928-29 when Canada shipped 423 million.

Largely responsible for this huge gain were increased takings by the Iron Curtain countries. Their purchases climbed to 161 million bushels in the first 10 months of fiscal 1964 from only 16 million in all of fiscal 1963. The USSR took 90 percent, or 144 million bushels plus an additional 10 million for shipment to Cuba; Albania, Czechoslovakia, Poland, and Bulgaria took lesser amounts.

A detailed table and analysis was published in the June issue of the *World Agricultural Production and Trade: Statistical Report.*

U.S. Wheat and Flour Exports High

U.S. exports of wheat and wheat flour totaled 706 million bushels (grain equivalent) between July 1963 and April 1964—the largest amount reported for a July-April period and 41 percent higher than those during the same period last year. This was exceeded only by the record high of 718 million bushels exported during fiscal 1961-62.

Substantial increases were made in shipments to all areas. Exports to East European countries far exceeded last year's; 57 percent of these went to Russia and another 32 percent, to Poland. Exports to the Common Market countries more than doubled; France alone received almost 10 times more than in the same period last year.

A detailed table and analysis was published in the June issue of the *World Agricultural Production and Trade: Statistical Report.*

Communist China-Nepalese Trade Pact Signed

Nepal and Communist China on May 19 concluded a 2-year trade agreement under which each nation would extend to the other most-favored-nation treatment in all customs and shipping matters, except for advantages resulting from either a customs union, customs-free trade agreement, or multilateral international trade agreement.

The pact, which replaces the 1956 one on Nepal-Tibet trade, also sanctions existing barter trade in areas up to 30 kilometers either side of the Nepal-Tibet border. Clearing payments will be pounds sterling (traditional currency in Nepal-Tibet trade) or other mutually agreeable currency.

Pakistan's Wheat Crop About Same as Last Year's

Pakistan's second official estimate places wheat production in that country at 4,014,000 tons against the comparable estimate for 1962-63 of 3,961,000 and the final one of 4,148,000. Area sown to wheat is set at 12,151,000 acres compared with 1962-63's second and final estimates of 12,140,000 and 12,592,000 acres respectively.

The estimate for output in West Pakistan was up somewhat from the 1962-63 second estimate of 3,917,000 tons, while that for East Pakistan—a minor producer—was off by about 23 percent from 44,000 tons; main reason for this decline was a switch from wheat to rice production.

U.S. Feed Grain Exports Up

U.S. exports of feed grain through April of the current fiscal year totaled 13.2 million metric tons—up 10 percent from the same period a year earlier. Of the four feed grains, shipments of corn increased 24 percent, while shipments of the others declined 18 percent.

A detailed table and analysis was published in the June issue of the *World Agricultural Production and Trade: Statistical Report.*

Canadian Grain Moving to Chinese Mainland

Canada's Board of Grain Commissioners reports 5,968,191 bushels of wheat and 2,567,988 of barley exported to Communist China during April. This brings the wheat total for the period August 1962-April 1964 to 87,235,504 bushels. No barley had been shipped to Communist China, however, since the 155,353 bushels of May 1963.

Soviet Wheat Sowings Reduced Less Than Planned

Reports from official sources indicate that the area sown to spring wheat in the Soviet Union this season was about 4 percent below the acreage sown during the preceding 2 years. The plantings, however, were said to be 4 percent above the goal set by the government plan.

The following table gives spring wheat plantings in the Soviet Union since 1958.

	Million acres
1958	119.6
1959	112.7
1960	119.3
1961	112.9
1962	121.8
1963	122.3
1964	116.9

Among the areas where sowings exceeded those set by the plan was Kazakhstan—one of the principal New Lands regions which suffered from a severe drought last year. Spring wheat constitutes over 70 percent of the total wheat acreage. No separate figure was given for the winter wheat acreage for harvest in 1964, but apparently substantial reseeding of damaged grain was necessary this spring. Barley was said to be one of the crops used in reseeding.

According to a June 4 report in Pravda, abundant rains in most areas favored rapid growth of crops. Earlier reports had stressed adequate moisture supply in most regions, including the New Lands, but a considerable delay in sowings because of a late spring.

Argentine Grain Exports Continue Strong

Argentine feed grain exports during July-April 1963-64 increased 35 percent over the same period last year. They totaled 5.3 million metric tons, with increases for each grain, except corn. Wheat was the chief grain exported; corn was second.

A detailed table and analysis appeared in the June issue issue of the *World Agricultural Production and Trade: Report.*

Brazil's 1963-64 Cotton Crop Lower

The 1963-64 cotton crop in Brazil is now placed at 2,200,000 bales (480 lb. net), the lowest since the 1960-61 season. This is 6 percent below last season's output, 2,340,000 bales, although 11 percent above average production for the past five seasons. The reduction is attributed entirely to the smaller crop, of 1.2 million bales, now being harvested in the southern region; drought was severe in some districts of this area, while rains were too heavy and frequent in others. Northern production, however, was up some 12 percent, to about 950,000 bales, from the 1962-63 figure.

Weather in North Brazil has been very favorable recently, and progress of the 1964-65 crop is reported as normal. Tentative estimates place the 1964-65 production for this region at 1.0 million bales, although harvest is still 2 to 3 months away. Yields here, including those from the perennial or "tree" cottons, are among the lowest in the world.

Exports of cotton from Brazil totaled 1,145,000 bales in 1962-63 (August-July), compared with 847,000 in 1961-62. Quantities shipped to major destinations through February of the current season, with comparable 1962-63 figures in parentheses, were West Germany 136,000 bales (139,000), the USSR 105,000 (15,000), Japan 64,000 (125,000), the Netherlands 54,000 (78,000), the United Kingdom 45,000 (71,000), Hong Kong 36,000 (92,000), France 36,000 (47,000), Belgium and Luxembourg 26,000 (29,000), Poland 18,000 (0), Rumania 17,000 (0), and South Africa 16,000 (17,000). Total Brazilian exports to all destinations in the August-February period of the current season amounted to 601,000 bales, compared with 675,000 in the comparable period of 1962-63. To date, export quotas have been issued for 344,000 bales of the 1963-64 southern crop. Reportedly, an additional export quota of around 185,000 bales may be issued later in the season in view of a better-than-expected southern harvest.

Consumption for the 1963-64 season is currently estimated at 1.3 million bales, about 50,000 above that for a year ago. Ending stocks on July 31 are expected to be about 725,000 bales, compared with 875,000 a year earlier.

Rhodesia's Flue-Cured Auction Prices

During the 13th week of this year's tobacco auctions in Salisbury, Southern Rhodesia, 1964-crop flue-cured sold for an average price equivalent to 33.7 U.S. cents per pound. Through that week, 117.8 million pounds of tobacco had been sold, at an average price of 33.1 cents. This compared with 107.7 million pounds at an average of 47.9 cents for the same period of 1963.

Angola's Leaf Tobacco Exports at Record

Angola's exports of unmanufactured tobacco set a new record in 1963. Exports last year totaled 2.9 million pounds, compared with 1.7 million in 1962 and the 1955-59 annual average of 800,000.

Shipments to Portugal, the principal export market, rose to 1.9 million pounds from the 1.4 million of 1962. Exports to Spain climbed to 994,000 pounds from only 26,000.

Angola's imports of unmanufactured tobacco last year totaled 586,000 pounds, compared with 423,000 in 1962. Principal suppliers were the United States, Mozambique, Greece, and the Rhodesias-Nyasaland. Imports of U.S. leaf rose to 282,000 pounds, compared with 134,000 in 1962. Takings from Greece and Mozambique were also up slightly, while those from the Rhodesias-Nyasaland were down.

Portuguese Cigarette Output Up

Output of cigarettes and cut tobacco in Portugal continued upward through 1963. Production of cigarettes totaled 13.3 million pounds—up 4.4 percent from the 12.8 million of 1962. That of cut tobacco totaled 1,424,000 pounds, compared with 1,365,000.

West Germany Uses More U.S. Leaf Tobacco

The use of U.S. tobaccos by West German manufacturers (including West Berlin) continued upward through 1963, totaling 80.0 million pounds, compared with 76.9 million in 1962 and 74.6 million in 1961. All kinds were up, except for burley and "Kentucky."

WEST GERMANY'S USE OF U.S. TOBACCOS

Kind	1961 [1]	1962 [1]	1963 [1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Flue-cured	60,942	62,597	65,430
Burley	10,417	11,043	10,904
Kentucky [2]	613	584	485
Maryland	792	840	904
Cigar leaf	1,870	1,830	2,269
Total	74,634	76,894	79,992

[1] Includes West Berlin. [2] Source of information does not show breakdown by kinds of tobacco included in this category.

The use of U.S. tobaccos in the production of cigarettes last year totaled 70.4 million pounds—up 4.5 percent from the 1962 level of 67.4 million. This represented 35.5 percent of total leaf used in the production of cigarettes in contrast with 35.0 percent during both 1961 and 1962.

Flue-cured represented 83.9 percent of total U.S. tobaccos used in cigarette manufacture compared with 83.1 percent in 1962 and 83.3 in 1961. Use of U.S. burley in cigarettes dropped to 14.9 percent from 15.7 percent in 1962 and 15.5 percent in 1961. "Kentucky" still accounted for 0.2 percent while Maryland rose to 1 percent from 0.9 percent in 1962.

The use of U.S. tobaccos in the production of cigars last year turned upward after showing a continuous decline for many years. Total use amounted to 2,320,000 pounds, compared with 1,900,000 in 1962 and 2,040,000 in 1961. U.S. tobaccos used in cigar production represented 4.1 percent of total leaf used in 1963, compared with 3.2 percent in 1962 and 3.4 percent in 1961.

U.S. tobaccos used in the combined production of fine-cut tobaccos (for roll-your-own cigarettes), smoking mixtures for pipes, chewing tobacco, and snuff continued to decline through 1963. U.S. leaf used in the production of these products amounted to 7.3 million pounds, or 40.0

percent of the total, against 7.6 million, 40.7 percent, in 1962 and 7.8 million, 41.1 percent, in 1961. Of the U.S. tobacco, 85 percent was flue-cured, 6 percent burley, 5 percent Kentucky, and less than 2 percent Maryland.

Stocks of U.S. tobaccos held by German manufacturers on December 31, 1963, totaled 77.0 million pounds, compared with 68.2 million held on December 31, 1962. These were equivalent to 11.6 months' supply.

Venezuela Plans To Grow Cigar Wrapper

The National Tobacco Association in Venezuela plans to promote the production of cigar wrapper following successful trials held at the Bejuma Experimental Station. The leaf will be used in the domestic production of high-quality cigars.

Meetings have reportedly been held between the Association and various governmental Ministries to promote wrapper production and to further restrict tobacco imports, presumably cigar wrapper leaf and manufactured cigars.

Argentina Moves To Counteract Its Beef Shortage

In early June, President Arturo Illia of Argentina signed five decrees to deal with the country's current shortage of beef. The decrees created a commission to set taxes on exported beef and beef products, fixed selling prices for beef at retail, provided for 2 meatless days a week, set fines on the killing of bred cows or animals weighing under 440 pounds, and annulled a previous decree fixing ceiling prices on beef forequarters.

Beef is not to be sold on Mondays and Tuesdays in butcher shops or restaurants. Retail selling prices will range from 40 to 190 pesos per kilogram (13.3 to 63.5 cents per lb.) for all cuts of beef. (These were worked out to be equivalent to 40 pesos per kilogram for live cattle at the Liniers Central Market.) However, cattle prices will be free from price control.

Export taxes on beef and beef products are to begin early this month and are to be established by a special commission set up for this purpose. The Secretary of Commerce will be empowered to use industry stocks of beef, regardless of the intended destination, whenever he considers this meat necessary for local consumption.

The fines to be levied for slaughter of the bred cows will go into effect October 1, and fines for slaughter of calves weighing under 440 pounds will go into effect November 1. They are to be at least 30 percent of the value of the slaughtered animal.

U.S. Exports of Livestock Products Continue High

U.S. exports of most all classes of livestock and meat products in April were generally above those of a year earlier. However, mohair exports have dropped substantially and shipments of sausage casings have lagged behind those for a year ago.

In January-April, shipments of lard were up 52 percent, to 239 million pounds, largely influenced by increased demand in the United Kingdom for lard to be used in margarine. Exports of inedible tallows and greases were also up sharply, by 37 percent to 747 million pounds; they are expected to hit a new record this year, as sales are continuing large to most traditional markets and to developing ones financed under Public Law 480.

Exports of red meats in January-April totaled 80 million pounds, 51 percent greater than those in the 1963 period. Most of the increase was the result of larger exports of beef and veal to West European countries and pork to Europe and Japan. Because of the European meat shortage, variety meat exports are continuing above those of a year ago and may set another record this year.

Shipments of bovine hides and skins rose substantially this year with continuing moderate prices and strong export demand. Reduced slaughter in Argentina and prospects for a record U.S. slaughter indicate larger U.S. hide shipments for the remainder of the year.

Increased shipments of fed cattle to Canada brought about larger U.S. cattle exports.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
(Product weight basis)

Commodity	April		Jan.-Apr.	
	1963	1964	1963	1964
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	60,249	72,758	157,351	239,414
Inedible tallow and greases [1]	164,287	183,596	545,036	747,309
Edible tallow and greases [2]	985	940	1,951	3,731
Meat:				
Beef and veal	1,908	3,929	7,903	11,915
Pork	10,470	10,893	43,271	65,324
Lamb and mutton	93	77	394	450
Sausage:				
Except canned	130	413	464	957
Canned	68	52	235	298
Baby food, canned	14	55	196	232
Other canned meats	118	85	426	511
Total red meats	12,801	15,504	52,889	79,687
Variety meats	12,390	14,599	51,967	66,138
Sausage casings:				
Hog	1,426	1,070	4,895	4,231
Other natural	490	241	1,425	1,071
Mohair	1,593	150	5,686	1,112
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides and skins:				
Cattle	529	882	2,270	3,350
Calf	160	183	501	852
Kip	16	30	64	95
Sheep and lamb	308	204	908	1,042
	Number	*Number*	*Number*	*Number*
Live cattle	1,409	3,654	5,702	10,182

[1] Includes inedible tallow, greases, fats, oils, oleic acid or red oil, and stearic acid. [2] Includes edible tallow, oleo oil and stearin, oleo stock and shortenings, animal fat, excluding lard.

U.S. Department of Commerce, Bureau of Census.

U.S. Livestock and Meat Imports Decline

U.S. imports of red meat during the first 4 months of 1964 totaled 370 million pounds, down 13 percent from those a year earlier. Imports of pork were down 6 percent, beef and veal 11 percent, mutton and goat 43 percent, and lamb 51 percent.

January-April imports of beef and veal from the five principal suppliers were below those for the previous year, reflecting the diversion of shipments away from the United States to the United Kingdom and other West European countries. Imports from Australia were down 6 percent; from New Zealand, 24 percent; from Argentina, 16 percent; from Ireland 25 percent; and from Mexico, 16 percent.

Imports of boneless mutton were also down, owing to

a reduction in shipments from Australia. Smaller amounts of lamb were brought in from New Zealand.

Imports of both apparel and carpet wool lagged behind levels of a year earlier. Entries of manufactured wool items continued to rise, and domestic mill consumption was behind last year's.

Imports of bovine skins were at low levels, but those of sheep and lamb skins were up moderately. Imports of pig skins increased sharply and there was little change in arrivals of goat and kid skins.

Imports of cattle from Mexico and Canada stayed well below the previous year reflecting lower prices in the United States and large supplies of domestic feeder cattle.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS
(Product weight basis)

Commodity	April		Jan.-Apr.	
	1963 [1]	1964 [1]	1963 [1]	1964 [1]
Red meats:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Beef and veal:				
Fresh and frozen, bone-in	1,369	781	6,678	6,071
Fresh and frozen, boneless	51,628	56,209	257,510	232,401
Canned, including corned	8,494	6,973	33,892	31,093
Pickled and cured	36	31	143	105
Beef sausage	--	135	--	1,299
Other beef	3,239	864	9,064	2,489
Veal, fresh and frozen	1,093	1,437	5,614	5,602
Total beef and veal	65,859	66,430	312,901	279,060
Pork:				
Canned hams and shoulders	12,293	10,287	47,941	46,498
Other pork	6,391	6,043	25,388	22,281
Total pork	18,684	16,330	73,329	68,779
Mutton and goat	5,596	2,937	32,262	18,273
Lamb	1,590	400	8,373	4,109
Total red meat	91,729	86,097	426,865	370,221
Variety meats	172	109	875	596
Wool (clean basis)				
Dutiable	11,001	8,002	52,331	34,997
Duty-free	12,874	9,756	56,541	41,873
Total wool	23,875	17,758	108,872	76,870
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides and skins:				
Cattle	31	40	135	117
Calf	30	42	164	107
Kip	106	76	332	216
Buffalo	28	39	183	155
Sheep and lamb	2,992	3,304	10,824	11,959
Goat and kid	1,429	1,323	4,899	4,895
Horse	52	48	126	165
Pig	62	175	366	609
	Number	*Number*	*Number*	*Number*
Live cattle [2]	103,959	72,473	415,455	237,986

[1] Due to changes in the tariff schedule, statistics for 1963 and 1964 are not completely comparable. [2] Includes cattle for breeding.
U.S. Department of Commerce, Bureau of Census.

Turkey Expects a Large Filbert Crop

The outlook for Turkey's 1964 filbert crop is unusually good, according to industry sources. Weather conditions have been favorable for filbert development since the first of the year, and the industry predicts a 30-percent increase over the short 1963 crop. This would mean a crop of about 120,000 short tons (inshell basis), as compared with an estimated 1963 production of 94,000.

Turkish filbert exports for the first 7 months (Sept.-March) of the 1963-64 season amounted to over 79,000 tons (inshell basis) compared with a 91,000 in the same period a year earlier. The 1962-63 export figure is inflated somewhat because of the low shell-out of the 1962 crop.

As usual, almost all of Turkey's filbert exports are going to Europe; West Germany is taking over half the total.

Argentine Tung Oil Exports Increase

Argentina's exports of tung oil through April of the current marketing year (August-July) were up sharply from the reduced levels for the preceding 2 years, according to preliminary trade data. At 14,715 short tons, they were nearly one-fifth larger than shipments in the comparable 1962-63 period. This gain reflects the increased outturn from 1963-crop nuts.

Shipments on a calendar year basis, however, were down from the previous year. (*Foreign Agriculture*, May 18, 1964.)

ARGENTINE TUNG OIL EXPORTS

Month	Year beginning August 1			
	1960	1961	1962 [1]	1963 [1]
	Short tons	*Short tons*	*Short tons*	*Short tons*
August	1,178	1,402	701	2,058
September	1,622	843	669	852
October	704	2,000	2,247	3,061
November	1,194	559	1,998	670
December	1,938	1,775	1,607	1,640
January	1,965	2,969	1,814	1,834
February	1,897	1,157	1,791	1,001
March	1,390	2,215	563	1,644
April	1,448	1,341	992	1,955
May	1,649	1,059	610	--
June	1,282	1,273	1,507	--
July	1,988	831	1,887	--
Total	18,255	17,424	16,386	--

[1] Preliminary.
Compiled from trade and other sources.

Japan's Use of Protein Concentrates Expanding

Japan's use of protein concentrate in the production of mixed feed has increased almost fivefold in last 6 years. Biggest gainer has been soybean meal, which in 1963 accounted for 38 percent of the total against 28 percent of the much smaller figure for 1958.

JAPAN'S CONSUMPTION OF PROTEIN CONCENTRATES IN THE MIXED FEED INDUSTRY

Commodity	1958	1959	1960	1961	1962	1963
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Soybean meal	58.2	84.2	133.8	221.8	289.3	388.4
Copra	12.5	16.2	22.7	30.8	29.7	24.2
Linseed meal	25.2	32.3	49.8	58.9	51.8	49.1
Other oilseed meal	38.6	54.5	85.7	124.3	155.7	218.3
Fishmeal and cake	73.2	101.3	149.4	213.3	225.7	286.4
Fish solubles	----	----	----	----	----	59.4
Total	207.8	288.5	441.4	649.2	752.2	1,025.9
	Per-cent	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*	*Per-cent*
Soybean meal as percent of total	28.0	29.2	30.3	34.2	38.5	37.9

Totals computed from unrounded figures.
Livestock Bureau, Ministry of Agriculture and Forestry.

This increase in usage of protein concentrates reflects the sharp upward trend that has occurred in Japan's mixed feed industry as a result of increased demands by the fast-growing livestock industry. Total ingredients used in mixed feeds have risen from 1.3 million metric tons in 1958 to 5.8 million in 1963. (The proportion of protein concentrates to total ingredients has risen only slightly—from 15.6 percent in 1958 to 17.5 percent last year.)

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Airlines in Israel Reduce Fruit Rates

Air cargo rates for fruit and vegetables in lots weighing over 500 kilograms (1,102.3 lb.) were reduced somewhat as of June 1, 1964, by all the airlines operating in Israel.

The rate goes down by 1 cent per kilogram—to 27 U.S. cents—for shipments to most European destinations, and by 3 cents—to 25 cents—for shipments to Rome and Milan. The rate to London remains unchanged.

In addition, however, all the separate rates for various fruits and vegetables have been consolidated into one schedule. By including several types of fruit, an exporter can now increase the total weight of his shipment to the point where the lower rate applies.

Both the reduction and the consolidation of rates were the result of negotiations begun a year ago between Israel's national airline and the International Air Transport Association.

Italy's Honey Imports Up

Italian honey imports in 1963 were 82 percent above the previous year's. They amounted to 1,771 metric tons (3.9 million lb.), valued at 391,748,000 lire (US$626,797). Argentina and Mexico were the big suppliers.

Production of honey in 1963 amounted to about 13.2 million pounds. Pest control measures and scarcity of flowers due to increased tillage caused serious losses to apiaries.

The GATT Problem

(Continued from page 5)

seems to us the best way of proceeding, and we believe that our proposals to this effect have elicited a considerable degree of interest among our negotiating partners at Geneva.

Finally, I want to stress our belief that these negotiations offer all of us the opportunity to develop a better system of world trade in agricultural products—one which helps farmers in every country to maintain their living standards, which facilitates adjustment to new and more efficient methods, and which enables consumers to share in the benefits of technological progress.

We feel that these negotiations—and the Kennedy Round generally—are a real test of our ability to cooperate and to lay the economic foundations for a genuine Atlantic Partnership, as proposed by President Kennedy and vigorously supported by President Johnson.

Agreement on general principles is good. But equally vital is the patient and persistent effort to solve the special problems involved in achieving genuine interdependence. Trade in agriculture is one of the most important of these problems and I am confident that, among us, we have the will and the wit to solve it to the advantage of all concerned.

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